Supreme Court, U. S.
FILED
JUL 15 1977
MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1977

No. . . . .

77-92

TAYLOR INDUSTRIES, INC.,
Petitioner,

v.

PANDUIT CORPORATION,
Respondent.

PETITION FOR A WRIT OF CERTIORARI
To the United States Court of Appeals
for the Sixth Circuit

JOHN A. ARTZ
Attorney for Petitioner
1500 North Woodward Avenue
Birmingham, Michigan 48011

Of Counsel
JOHN A. BLAIR
LYMAN R. LYON
HARNESS, DICKEY & PIERCE
1500 North Woodward Avenue
Birmingham, Michigan 48011

Interstate Brief & Record Co., 1615 Abbott St., Detroit, Michigan 48216
962-8745

TABLE OF CONTENTS

		Page
I.	Opinions Below	1
II.	Jurisdiction	2
III.	Questions Presented for Review	2
IV.	Constitutional Provisions and Federal Statutes Involved	3
	A. Constitutional Provisions	3
	B. Statutes	3
V.	Statement of the Case	5
VI.	Reasons for Granting the Petition	8
	A. Nature of the Case	5
	B. Course of Proceedings and Disposition Below	5
	C. Statement of Pertinent Facts	6
VI.	Reasons for Granting the Petition	8
	A. First Question	8
	B. Second and Third Questions	8
VII.	Argument as to the First Question	9
VIII.	Argument as to the Second and Third Questions	12
IX.	Conclusion	16

APPENDIX

		Page
1.	Court of Appeals' Order — April 19, 1977	17
2.	District Court's Preliminary Injunction — August 11, 1976	18
3.	Judge Fox's Ruling From Bench — August 4, 1976	21
4.	Motion for Preliminary Injunction — March 31, 1976	26
5.	Complaint — May 15, 1969	27
6.	Affidavit of Phillip W. Taylor — September 1, 1976	30
7.	Summary of Pertinent Portions of Transcript of August 4, 1976 Hearing	33
8.	Comparison of Claim 5 of Patent in Suit with Prior Art Western Electric Fanning Strip	35
9.	Panduit Brochure Showing its Patented Fanning Strip	36

TABLE OF AUTHORITIES

Cases: Page

Gamewell Fire Alarm Telegraph Co. v. Star Electric Co., 199 F. 185 (N.D.N.Y. 1912) 15

Garlock, Inc. v. United Seal, Inc., 404 F. 2d 256 (6th Cir. 1968) 13

George Cutter Co. v. Metropolitan Electric Mfg. Co., 275 F. 158 (2d Cir. 1921) 9,10

Granny Goose Foods, Inc. v. Teamsters, 415 U.S. 423, 39 L.Ed.2d 435, 94 S.Ct. 1113 (1974) 13

Hieger v. Ford Motor Co., 516 F.2d 1324 (6th Cir. 1975) 10,15

Mercoid Corp. v. Mid-Continent Investment Co., 320 U.S. 661, 88 L.Ed. 376 (1944) 10

National Electric Products Corp. v. Grossman, 70 F.2d 257 (2d Cir. 1934) 9

Nuclear-Chicago Corp. v. Nuclear Data, Inc., 173 U.S.P.Q. 326 (N.D. Ill. 1971), rev'd, 465 F.2d 428 (7th Cir. 1972) 14

Panduit Corp. v. Stahlin Bros. Fibre Works, Inc., 298 F.Supp. 435 (W.D. Mich. 1969), aff'd., 430 F.2d 221 (6th Cir. 1970) 7,8,11

Page

Philips Electronic & Pharmaceutical Industries Corp., v. Thermal & Electronics Industries, Inc., 450 F.2d 1164 (3d Cir. 1971) 10

Uniroyal, Inc. v. Daly-Herring Co., 294 F.Supp. 754 (E.D.N.C. 1968) 15

United Nickel Co. v. New Home Sewing Machine Co., 17 F. 528 (S.D.N.Y. 1883) 14

Constitution of the United States:

Article I, Section 8, Clauses 3 and 8 3

Statutes:

Patent Act of 1952

35 USC 101 3

35 USC 102 (b) 3,4

35 USC 103 4

35 USC 283 4

Jurisdictional Statutes

15 USC 1121 5

28 USC 1254(1) 2,4

28 USC 1338 (a) 5

Treatises:

11 Wright & Miller, Federal Practice and Procedure: Civil 2948, pp. 430-431 13

IN THE

Supreme Court of the United States

OCTOBER TERM, 1977

No. . . . .

TAYLOR INDUSTRIES, INC.,
Petitioner,

v.

PANDUIT CORPORATION,
Respondent.

PETITION FOR A WRIT OF CERTIORARI
To the United States Court of Appeals for the Sixth Circuit

Now comes petitioner Taylor Industries, Inc. (hereinafter Taylor) and prays that this Court review a judgment of The United States Court of Appeals for the Sixth Circuit, affirming a judgment of the United States District Court for the Eastern District of Michigan.

I. OPINIONS BELOW

The opinions of the courts below have not yet been reported but are appended hereto.

II. JURISDICTION

The judgment of the Court of Appeals of the Sixth Circuit sought to be reviewed was filed April 19, 1977.

No order respecting a rehearing or an extension of time within which to petition for certiorari has been filed.

Jurisdiction to review said judgment by writ of certiorari is conferred by 28 USC 1254 (1).

III. QUESTIONS PRESENTED FOR REVIEW

A. First Question

Whether a preliminary injunction can be granted in a patent infringement action without a consideration of prior art cited by the accused party which invalidates the patent in suit.

B. Second Question

Whether a preliminary injunction can be granted in a patent infringement action without any evidence on or a consideration of irreparable harm or any of the other necessary equitable considerations.

C. Third Question

Whether a preliminary injunction can be granted seven years after an action was commenced without there being any change in the situation between the parties during that period of time.

IV. CONSTITUTIONAL PROVISIONS AND FEDERAL STATUTES INVOLVED

A. Constitutional Provisions

Article 1, Section 8. "The Congress shall have Power * * *

(Clause 3) "To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes; * * *

(Clause 8) "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries; * * *"

B. Statutes

(1) Pertinent Portions of the Patent Act of 1952.

35 USC 101:

"Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title"

35 USC 102(b):

"A person shall be entitled to a patent unless—

* * * * * * *

"(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or . . ."

35 USC 103:

"A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

35 USC 283:

"The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable."

(2) Jurisdictional Statutes:

28 USC 1254(1):

"Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:

"(1) By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree;* * *"

28 USC 1338(a):

"Patents, copyrights, trade-marks, and unfair competition.

"(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases. * * *"

15 USC 1121:

"The district and territorial courts of the United States shall have original jurisdiction and the courts of appeal of the United States shall have appellate jurisdiction, of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizienship of the parties."

V. STATEMENT OF THE CASE

A. Nature of the Case

This is an action for patent infringement under the Patent Act, Title 35, United States Code. One claim of one United States patent is involved, claim 5 of Walch Patent 3,024,301 for "Wiring Grille". The patent is owned by Panduit Corporation (hereinafter Panduit) and Taylor makes four types of accused wiring ducts.

B. Course of Proceedings and Disposition Below

The present action was commenced on May 15, 1969 (Appendix 5). On March 31, 1976, almost *seven years*

after the suit was filed, Panduit brought a motion for a preliminary injunction to enjoin Taylor's manufacture and sale of the accused products (Appendix 4). On August 4, 1976, that motion was granted by District Judge Noel P. Fox, and a preliminary injunction was issued on August 11, 1976 (Appendix 2,3). An appeal of the preliminary injunction was made to the Court of Appeals for the Sixth Circuit. In a summary opinion and order dated April 19, 1977, the Court of Appeals affirmed the granting of the preliminary injunction (Appendix 1).

C. Statement of Pertinent Facts

Panduit is a Delaware corporation having its principal office and place of business in Tinley Park, Illinois. Taylor is a Michigan corporation having its principal place of business in Marble Falls, Texas.

This action was commenced in May, 1969, when Panduit filed a Complaint against Taylor for patent infringement (Appendix 5). The Walch patent in suit, U.S. No. 3,024,301, issued on March 6, 1962 from an application filed on October 5, 1955. In 1972, Panduit filed an Amended Complaint which limited its allegation of infringement to a single claim (claim 5) of the Walch patent. All of Taylor's responsive pleadings in the case denied Panduit's allegations and further positively averred that the patent in suit was invalid and not infringed.

Both Panduit and Taylor make wiring ducts for use by the electronics industry and in machine tools and are direct competitors in the marketplace. Taylor makes four

types of ducts which are alleged to infringe the patent in suit. Taylor started manufacturing and marketing two of these types of wiring ducts in the mid-1950's and began manufacturing and selling the other two types in early 1969.

The Walch patent in suit was enforced earlier against a party completely unrelated to Taylor: *Panduit Corp v. Stahlin Bros. Fibre Works, Inc.*, 298 F. Supp. 435 (W.D. Mich. 1969), *aff'd.*, 430 F.2d 221 (6th Cir. 1970) hereinafter the "*Stahlin Bros.*" case).

Taylor and Panduit actively engaged in discovery efforts throughout the period from 1969 to 1976. Through its efforts, Taylor turned up a number of prior art references which were more pertinent than the references relied upon in the earlier *Stahlin Bros.* case and which invalidate the Walch patent.

On March 22, 1976, almost seven years after the suit was filed, Panduit brought a motion for a preliminary injunction (Appendix 4). On August 4, 1976, an oral hearing was held on that motion after which Judge Fox — orally from the Bench — granted the relief requested (Appendix 3).

At the hearing, the only evidence presented by Panduit related to the issue of infringement. No evidence was presented relative to the validity issue, nor to any of the factors which must be reviewed in ruling on a motion for preliminary injunction, such as irreparable harm and maintenance of the status quo. As to the patent issues, the District Court treated the validity issue as *stare decises* in view of the earlier *Stahlin Bros.* case and

refused to let Taylor introduce any evidence thereon, including the prior art that Taylor had discovered and that was not presented or considered in the *Stahlin Bros.* case (Appendix 7). In one instance, Judge Fox held that the decision in the *Stahlin Bros.* case was "res judicata" against Taylor.

As a result of its decision, the District Court, on August 11, 1976, issued a Preliminary Injunction Order which enjoined Taylor from further manufacture and sale of all of the accused wiring ducts, as well as any "colorable imitation or equivalent thereof" (Appendix 2). A timely appeal was made to the Sixth Circuit Court of Appeals and that Court, on April 19, 1977, affirmed the decision of the Lower Court (Appendix 1).

VI. REASONS FOR GRANTING THE PETITION

A. First Question

1. The decisions below conflict with the federal policy enunciated by decisions of this Court against enforcement of invalid patent monopolies.

2. Notwithstanding a previous holding of validity of a patent, a preliminary injunction should not be granted against a new party without a consideration of all new invalidity defenses.

3. The question is one of importance and is fraught with public interest.

B. Second and Third Questions

1. The decisions of the courts below are erroneous and conflict with Section 283 of the Patent Act which requires that injunctions be granted in patent cases only "in accordance with the principles of equity."

VII. ARGUMENT AS TO THE FIRST QUESTION

Whether a preliminary injunction can be granted in a patent infringement action without a consideration of prior art cited by the accused party which invalidates the patent in suit.

The courts below concluded that because the patent in suit had been held valid in a prior suit against another party, it was unnecessary to consider any new evidence of invalidity offered by Taylor before issuing a preliminary injunction. This was clearly erroneous.

It is well established that in considering motions for preliminary injunctions, prior validity adjudications carry little if any weight in the face of more pertinent prior art that was not considered in the prior litigation. *National Electric Products Corp. v. Grossman*, 70 F.2d 257, 258 (2d Cir. 1934), *George Cutter Co. v. Metropolitan Electric Mfg. Co.*, 275 F.158, 164 (2d Cir. 1921). As stated in *Metropolitan Electric*:

> "But where a preliminary injunction is sought, the burden is upon the plaintiff to establish a prima facie case free from reasonable doubt. The presumption flowing from the grant of the patent alone does not entitle the inventor to his preliminary injunction.
>
> The appellee recognizes this rule, but relies upon 224 Fed. 717, 140 C.C.A. 257, as its support. However, the decision in this case did not prevent the appellant setting up such new matters as it has done here. *A prior adjudication is not a finality. It is limited to the relativity to the decision and facts in the prior case. A prior decision does not prevail in a subsequent case where the facts are different*

> *from those in the prior case or in addition to those of the prior case in respect of matters that establish a new state of facts.* Cons. Valve Co. v. Safety Valve Co. 113, U.S. 157, 5 Sup. Ct. 513, 28 L.Ed. 939; Paul Steam System Co. v. Paul (C.C.) 129 Fed. 757; Hall Signal Co. v. Genl. Ry. Signal Co., 153 Fed. 907, 82 C.C.A. 653. (Emphasis Added.)

See also, *Philips Electronic & Pharmaceutical Industries Corp. v. Thermal & Electronics Industries, Inc.*, 450 F.2d 1164 (3rd Cir. 1971), in which the Third Circuit Court of Appeals said, at page 1176:

> "[W]here relevant prior art was not before the court [upholding the validity of the patent], its decision has little precedential value. Judge Shaw was not bound to follow the Massachusetts court, not only because the parties were not the same, but also in the light of new and persuasive evidence regarding the prior art."

Thus, where new prior art is cited, it is erroneous to issue a preliminary injunction without a finding that the new prior art is no more pertinent than that previously considered.

To issue a preliminary injunction without considering newly cited prior art also violates the well established principle that the public interest in striking down invalid patents overrides the private interests of litigants. *Mercoid Corp. v. Mid-Continent Investment Co.*, 320 U.S. 661, 665, 670, 88 L.Ed. 376 (1944), *Hieger v. Ford Motor Co.*, 516 F.2d 1324, 1327 (6th Cir. 1975).

Several of Taylor's newly cited prior art references standing alone invalidate the patent in suit. If this prior

art had been considered in either the Patent Office or the *Stahlin Bros.* case, the Walch patent would never have been issued or upheld. For example, the prior art Western Electric fanning strip looks and functions *exactly the same* as the wiring wall called for by Walch claims. It was not considered either by the Patent Office or in the *Stahlin Bros.* case. An analysis of Walch's claim 5 showing its complete anticipation by the Western Electric plastic fanning strip is attached hereto (Appendix 8). Moreover, Panduit has tacitly admitted that the Western Electric fanning strips are covered by the Walch patent as evidenced by Panduit's marking of its own same fanning strips with the number of the Walch patent, and by Panduit's own published brochure illustrating and describing its fanning strip as "patented" (Appendix 9).

The fanning strip by Western Electric alone is sufficient for a finding that the only claim in suit of the Walch patent is invalid. Thus, if the Courts below had not treated the earlier *Stahlin Bros.* case as controlling, but instead had reviewed the prior art that Taylor repeatedly attempted to put before them, there would have been no basis for issuing the preliminary injunction.

Taylor Has Been Denied Due Process

As a result of a summary proceeding in which the *Stahlin Bros.* case against an unrelated company was erroneously treated as controlling and in which proper legal standards were neither taken into account nor applied, Taylor has been forced to terminate sales of approximately sixty percent (60%) of its product line. Delay incident to design and retooling of a new product line inherently entails loss of customers as well as loss of substantial goodwill and reputation in the marketplace.

Although there has not been a full and fair hearing nor a trial on the merits of this case, Taylor has been put into the position of a losing party with all of the harmful and prejudicial implications and effects which go along with that position.

Panduit has now forced its only competitor out of the market and has secured an improper and unwarranted monopoly allowing it to rise its prices substantially — which it has done to the detriment of the public.

Also, the preliminary injunction now in force enjoins Taylor from making the accused products specifically in suit, as well as "any colorable imitation or equivalent thereof." This puts Taylor in a very tenuous and prejudicial position; any equivalent or generally similar wiring it makes in the future will be subject to a charge of contempt — *whether it actually infringes the patent in suit or not.*

Further, notwithstanding prior art patents which anticipate the patent in suit, Taylor is also put in the absurd position of being subject to contempt proceedings if it makes a product in accordance with any of these prior art patents and that product is an equivalent of its former product.

VIII. ARGUMENT AS TO THE SECOND AND THIRD QUESTIONS

Whether a preliminary injunction can be granted in a patent infringement action without any evidence on or a consideration of irreparable harm or any of the other necessary equitable considerations.

Whether a preliminary injunction can be granted seven years after an action was commenced without there being any change in the situation between the parties during that period of time.

Preliminary injunctions are extraordinary and drastic remedies which are to be granted only where the need is clearly shown. Because of the seriousness of such relief, certain standards and tests have been developed which are universally taken into account before such drastic relief is granted. Section 283 of the Patent Act incorporates these standards as it requires that injunctions in patent cases be granted only "in accordance with principles of equity." The courts below failed to follow the proper and requisite standards and erroneously issued the preliminary injunction against Taylor.

The equitable considerations which must be reviewed in ruling on a motion for preliminary injunction are set forth in numerous sources. *Garlock, Inc. v. United Seal, Inc.*, 404 F.2d 256, 257 (6th Cir. 1968), *Granny Goose Foods, Inc. v. Teamsters*, 415 U.S. 423, 441, 39 L.Ed.2d 435, 94 S. Ct. 1113 (1974), and *11 Wright & Miller, Federal Practice and Procedure:* Civil 2948, pp. 430-431. These considerations are:

(1) Possible irreparable harm to the plaintiff if the injunction is not granted;

(2) Injury to the defendant if the injunction is granted;

(3) Balance of the equities and rights of the parties;

(4) Ability of the defendant to compensate the plaintiff in money damages;

(5) Probability of success at trial on the merits;

(6) Maintenance of the status quo; and

(7) The public interest.

If these considerations had been reviewed, they overwhelmingly would have led to the denial of Panduit's motion. For example, there was no evidence submitted or a finding made by the courts below that a preliminary injunction was necessary to prevent irreparable injury to Panduit. In fact, Panduit did not even bring its motion until *seven* years after filing this suit and this conclusively shows that it could not have been suffering irreparable injury. *United Nickel Co. v. New Home Sewing Machine Co.*, 17 F. 528 (S.D.N.Y. 1883). Moreover, Taylor's ability to compensate Panduit in money damages precludes a finding of irreparable injury. Preliminary injunctions cannot be granted if the movant can secure adequate rectification of his grievance by an award of damages. *Nuclear-Chicago Corp. v. Nuclear Data, Inc.*, 173 U.S.P.Q. 326 (N.D. Ill. 1971), *rev'd*, 465 F.2d 428 (7th Cir. 1972).

Preliminary injunctions also are not to be granted where they would upset the status quo. In direct conflict to these principles, the decisions of the courts in this case completely upset the status quo by eliminating Taylor from over *fifteen years* of competition in the product lines in question.

On the other side of the coin, a preliminary injunction would cause substantial and irreparable damage to Taylor. This is brought out in the affidavit of Phillip W. Taylor, President of Taylor (Appendix 6). Taylor would be forced to partially close its plant and lay off the majority of its employees while expensive new tooling was obtained and installed. It also would have to warehouse its present inventory of accused wiring ducts or scrap and recycle it. Taylor further would lose a substantial part of its business in wiring ducts and also

lose the goodwill of many of its customers. Such irreparable harm to Taylor by itself fully justifies the reversal of the preliminary injunction. *Uniroyal, Inc. v. Daly-Herring Co.*, 294 F. Supp. 754, 759 (E.D.N.C. 1968), *Gamewell Fire Alarm Telegraph Co. v. Star Electric Co.*, 199 F. 185, 186-187 (N.D.N.Y. 1912).

In this appeal, Panduit has taken the position that the term of the Walch patent is due to expire in a few years and that it has never had the chance to monopolize the marketplace. This is a fanciful argument and does not constitute sufficient ground for granting of the preliminary injunction. *Gamewell Fire Alarm Telegraph Co. v. Star Electric Co.*, 199 F. 185 (N.D.N.Y. 1912). Panduit's right to exclude all of its competitors and monopolize the marketplace is simply not a basis on which a preliminary injunction can be based — particularly since its patent is invalid in view of Taylor's newly cited prior art. Moreover, Panduit's interests are far outweighed by the interests of the public in striking down invalid patents. As stated in *Hieger v. Ford Motor Co.*, 516 F.2d 1324, 1327 (6th Cir. 1975):

> "[A]n invalid patent is a blight on 'the important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain', Lear, Inc. v. Adkins, 395 U.S. 653, 670 (1969)."

If Panduit's position were given any credence, it would cause patent owners to delay as long as possible (in order to make the harm more and more "irreparable") before moving for injunctive relief. This is directly contrary to long settled equitable principles, particularly those relating to the doctrine of laches which penalizes litigants who have waited too long to take action.

IX. CONCLUSION

It is submitted that few cases have resulted in the forcing of a defendant into a corner — as has been done to Taylor in this case — without the benefit of a full and fair consideration of the legal and equitable rights of the parties. Taylor has been denied due process and Panduit has been given an unwarranted monopoly in the marketplace. Granting of certiorari is necessary to prevent manifest injustice.

July 15, 1977

JOHN A. ARTZ
1500 North Woodward Avenue
Birmingham, Michigan 48011
(313) 642-7000
Attorney for Petitioner

Of Counsel

JOHN A. BLAIR
LYMAN R. LYON

HARNESS, DICKEY & PIERCE
1500 North Woodward Avenue
Birmingham, Michigan 48011
(313) 642-7000

APPENDIX

APPENDIX 1

ORDER

(Panduit Corporation, Plaintiff-Apellee
v.
Taylor Industries, Inc., Defendant-Appellant)

(United States Court of Appeals
For the Sixth Circuit)

(Filed April 19, 1977)

Before: Phillips, Chief Judge; Peck, Circuit Judge, and Green, District Judge.*

This appeal, perfected from an order of the district court dated August 11, 1976, issuing a preliminary injunction has been submitted on the record on appeal and on the briefs and oral arguments of counsel. Being fully advised in the premises, the Court concludes that the district court did not abuse its discretion in entering said order, and therefore,

It Is Ordered that the order of the district court issuing a preliminary injunction be and it hereby is affirmed; and it is further ordered that the order of this Court dated September 10, 1976, staying the preliminary injunction be and it hereby is vacated.

Entered By Order Of The Court

/s/ John P. Hehman
Clerk of Court

---

* Honorable Ben C. Green, Senior Judge, United States District Court for the Northern District of Ohio, sitting by designation.

APPENDIX 2

PRELIMINARY INJUNCTION

(United States of America
In the District Court of the United States
For the Eastern District of Michigan)

(Filed August 11, 1976)

Pursuant to the decision of this court, rendered August 4, 1976, due notice having been given and the court being apprised in the premises hereof:

It Is Ordered, Adjudged And Decreed that a preliminary injunction be and the same is hereby granted.

As used herein the term "infringing product" means any product covered by claim 5 or the United States Letters Patent No. 3,024,301, any colorable imitation or equivalent thereof, and in particular but without limiting the foregoing, the products identified in the captioned case as defendant's Type "O", "OA" (presently referred to by defendant in its catalog as "Open Slot"), "W", and "WA" (presently referred to by defendant in its catalog as "Closed Slot") wiring ducts.

It Is Further Ordered, Adjudged And Decreed that an immediate, preliminary injunction, to take effect immediately, is hereby issued against defendant, its divisions, subsidiaries, related companies, directors, officers, agents, servants, employees, attorneys, successors and assigns, and all those in active concert or participation with them, herein called defendant, as follows:

I. Defendant is enjoined from:

(a) Making, having made, selling, using, offering for sale or leasing any infringing product, or from soliciting orders in any manner from customers, potential customers, or others for any infringing product.

(b) From utilizing, selling, assigning, licensing, lending, leasing, renting or otherwise transferring to another, any tools or dies especially adapted for producing infringing products, located in any of the facilities of the defendant, or located elsewhere and under the control or direction of defendant.

(c) From using any past, current or future literature, price sheets or promotional material in possession of defendant which illustrates or refers in any manner to any infringing product or any infringing product manufactured, sold or offered for sale by defendant in the past.

(d) From accepting or completing any agreement, contract or order, either existing or future and whether solicited or unsolicited, from any person, firm or corporation which identifies the product or products to be supplied thereunder as an infringing product or which requires, calls for or threatens to require or call for, the making and/or selling of any infringing product.

(e) From packaging to fill orders, from filling orders, from shipping in accordance with orders, or in any manner whatsoever completing any orders heretofore or hereafter submitted to the defendant for any infringing product.

(f) From referring existing or future orders, contracts, agreements, or work, contracts, leads,

customers, potential customers or others requesting supply of or information about an infringing product to another person, firm, or corporation, except plaintiff, for the purpose of having infringing products supplied by others.

(g) From assisting, directly or indirectly, any other party in the infringement of claim 5 of United States Letters Patent No. 3,024,301.

III. The defendant shall immediately notify all sales personnel, sales representatives, distributors, and dealers of defendant that such sales personnel, sales representatives, disributors and dealers cannot:

(a) Solicit, accept, complete or fill any orders for any of defendant's infringing products, and

(b) Cannot use any of defendant's literature, price sheets or other promotional material, showing, describing or referring to defendant's infringing products.

III. The defendant shall recall all literature, price sheets, or other promotional material, illustrating, describing, or referring to any of defendant's infringing products, from its personnel, distributors, sales representatives, and dealers and shall recall all infringing products, from the possession or control of customers, sales representatives, distributors or dealers, the title to which infringing products and literature has not passed from defendant.

So Ordered.

Dated: August 11, 1976.

/s/ Noel P. Fox
Chief District Judge

APPENDIX 3

COURT'S OPINION FROM THE BENCH

(In the United States District Court
For the Eastern District of Michigan
Southern Division)

(Filed August 4, 1976)

Before the The Honorable Noel P. Fox, U.S. District Judge, Western District of Michigan

Preliminary Injunction Proceedings, Federal Court, Detroit, Michigan, Wednesday, August 4, 1976

Appearances: Petherbridge, Lindgren & Gilhooly, Chartered, by Roy E. Petherbridge, Esq., 53 West Jackson Boulevard, Chicago, Illinois 60604, and Charles R. Wentzel, Esq., Patent Counsel, Panduit Corp., 17301 Ridgeland Avenue, Tinley Park, Illinois 60477, on behalf of the Plaintiff; Hauke & Patalidis, by Claude A. Patalidis, Esq., and Allard A. Braddock, Esq., 26400 Southfield Road, Lathrup Village, Michigan 48076, on behalf of the Defendant.

The Court: Plaintiff moves for a preliminary injunction against further infringement by the Defendant upon Plaintiff's patent.

To obtain a preliminary injunction, Plaintiff need show that there was a prior adjudication in favor of the validity of the patent which has a scope sufficient to include the accused constructions. Gordon Johnson Company versus Hunt, 109 Fed. Supp. 571 (Northern District of Ohio 1952). That here has been a full, complete adjudication in favor of the validity of the patent before the Court cannot

be denied. Panduit Corporation versus Stahlin Brothers Fibre Works, Inc., 298 Fed. Supp. 435 (Western District of Michigan, 1969); affirmed 430 Fed. 2nd 221 (Sixth Circuit, 1970.)

The Defendant Stahlin Brothers was later found in contempt because its modified structure was the equivalent of the original in its relation to the patent in the earlier suit. Panduit versus Stahlin Brothers, 338 Fed. Supp. 1240 (Western District of Michigan, 1972); and affirmed 476 Fed. 2nd 1286 from the Sixth Circuit in 1973.

Therefore, Plaintiff need show only that the Defendant's construction is within the scope of the patent held valid in the above cases.

I have already ruled on the question of laches, and I incorporate my ruling earlier today in that regard from the bench opinion.

The reasoning of this Court in the earlier contempt proceedings against Stahlin Brothers is helpful.

In considering whether the structures in question are within the scope of the patent previously adjudicated valid, the Court must necessarily read the claim in the light of the decision finding the claim valid.

In the earlier contempt proceeding, it was found that the Walch patent, which is here in question, U.S. Patent Number 3,024,301, was designed to achieve the following functions or results:

A) Easy insertion of wires in the duct.

B) Prevention of accidental removal of wires from the duct.

C) Provision of maximum useful space for bringing wires from the duct.

And, D) Facilitation of intentional removal of wires from the duct. 338 F. Supp. at 1243.

Claim 5 of Walch patent was also reproduced in the opinion of 338 F. Supp. 1243.

Plaintiff herein asserts that Claim 5 of the Walch patent reads literally on Defendant's type OA and type WA ducts or that the structures achieve the functions or results of the Walch patent as above stated.

Defendant claims that that part of Claim 5 which reads, quote, "and defining substantially parallel edges on longitudinally spaced fingers," does not read on the Taylor Type OA and Type WA ducts.

This Court presently holds that the finger edges of the Taylor Type OA duct are substantially parallel within the meaning of the Walch patent.

The finger edges are not mathematically parallel. Claim 5, however, requires only substantial parallelism.

The word "substantial" is derived from the word "substance" and means "consisting of, relating to, sharing the nature of, or constituting substance: existing as or in substance." Webster's Third New International Dictionary (1963).

In substance, the finger edges of the Type OA duct are parallel. They are certainly parallel enough to define, quote, "longitudinally spaced substantially parallel slits."

The edges clearly define, quote, "fingers," which achieve the functional results of the Walch patent, and therefore are substantially parallel.

In the words of Claim 5, the fingers of the Type OA duct are narrow at "the outer ends of the slits and provide restricted passages for the wires between the finger ends and thereby prevent accidental removal of the wires in between the fingers," and "said fingers are flexible to permit their deflection and provide wider finger spacing at the free ends to facilitate positioning and removal of wires between said fingers."

In this Court's original opinion, it stated: "But even with the words of the claim read precisely on Defendant's product, that is not quite 'the end of it.' Infringement is not a mere matter of words. General Electric Company versus Allis-Chalmers Company, 178 Fed. 273, 276, the Third Circuit, I guess it is — (Third Circuit, 1910); Westinghouse versus Boyden Power Break Company, 170 U.S. 537, 18 S. Ct. 707, 42 Lawyers Edition 1136 (1898); Linde Air Products Company versus Morse Dry Dock and Repair Company, 246 Fed. 834, 838 (Second Circuit, 1917).

"The question of infringement involves considerations of practical utility and substantial identity, and therefore must be quantitative as well as qualitative." Goodyear Shoe Machine Company versus Spaulding, 101 F. 990, 994 (C.C. 1900).

"The doctrine of equivalents has been used to extend the protection of the patent to an equivalent which 'performs substantially the same function in substantially the same way to obtain the same result.' Graver Tank and Manufacturing Company versus Linde Air Products Company, supra (339 U.S. 605) at 608, (70 S. Ct. 854, 94 Lawyers Edition 1097) 298 Fed. Supp. at 448.

"Unquestionably the Type OA duct is the equivalent of Claim 5 of the Walch patent. It accomplishes the same function or result through the use of substantially the

same mechanism — the only possible point of contention being the slope of finger edges. The Type OA duct accomplishes all four of the functional advantages of the Walch patent set forth above. It does so by a device in all respects identical to the device described in Claim 5."

This Court is presently of the opinion the Type OA duct is the equivalent of the Walch device and, hence, is within the scope of the Plaintiff's patent.

Taylor also claims that its Type WA duct is not within the scope of the Walch patent. This WA Type duct is identical to the Type OA duct, except for the fact that the finger ends are joined rather than open.

Defendant is referred to the earlier decisions of the Court in Panduit I and Panduit II which found such closed-slot ducts to be "direct infringements" of the Walch patent. Supra, 298 Fed. Supp. at 449; Supra, 338 F. Supp. at 1245. Type WA is the equivalent of the structures there held to infringe and achieves the functions and results of the Walch patent.

Therefore it presently appears to this Court that the Taylor OA and Type WA ducts are within the scope of the patent owned by the Plaintiff and previously adjudicated valid.

For these stated reasons, I find the preliminary injunction is now in order.

I will consider this proposed preliminary injunction and let each of you, if you have any objections to it, to the form — to the form, not the substance, or if — I haven't read it, so I will let you also comment on the substance. Get this to me within the next five days, if you can, and I will consider it and make a decision whether — a decision on how the preliminary injunction should read.

All right.

APPENDIX 4

MOTION FOR PRELIMINARY INJUNCTION UNDER F.R.Civ.P. 65

(In the United States District Court
Eastern District of Michigan, Southern Division)
(Filed March 31, 1976)

Plaintiff, Panduit Corp., by its attorney, hereby moves this court to issue a preliminary injunction enjoining the Defendant from making, having made, selling, using, or offering for sale, any product covered by Claim 5 of U.S. Patent No. 3,024,301, any colorable imitation or equivalent thereof, and in particular, but without limiting the foregoing products identified as Defendant's, Taylor Industries, Inc.'s, wiring duct types "O", "W", "OA", and "WA".

Concurrence for the relief sought was requested from Counsel for Defendant, Mr. Claude A. Patalidis, who indicated on March 22, 1976 that the Defendant would not stipulate to the relief sought.

Plaintiff's supporting memorandum and the Affidavits of Roy E. Petherbridge and Roy A. Moody are filed herewith.

In accordance with Rule IX of the United States District Court for the Eastern District of Michigan, the date for hearing on the above motion is set for Monday, May 17, 1976 at 10:00 A.M.

Respectfully submitted:
By: /s/ Roy E. Petherbridge, Esq.
Attorney for Plaintiff
Petherbridge, Lindgren & Gilhooly
Chartered
53 West Jackson Blvd.
Chicago, Illinois 60604
(312) 922-1018

APPENDIX 5

COMPLAINT

(In the United States District Court
Eastern District of Michigan
Southern Division)

(Panduit Corporation, Plaintiff v. Taylor Electric, Inc., and Taylor Plastic Corporation, Defendants.)

Civil Action No. 32796
Complaint For Infringement
Of United States Letters
Patent No. 3 024 301

(Filed May 15, 1969)

To the Honorable Judge of the United States District Court, Eastern District of Michigan, Southern Division:

Plaintiff complains of the Defendants and alleges:

(1) That Plaintiff Panduit Corporation, is a Delaware corporation having its office at 17301 Ridgeland Avenue, Tinley Park, Illinois.

(2) That Defendants, Taylor Electric, Inc. and Taylor Plastic Corporation, are corporations duly incorporated in the State of Michigan and have regular and established places of business at Fisher Road, Howell, Michigan in this Southern Division of this Eastern District.

(3) That this is a suit for infringement by Defendants of United States Letters Patent No. 3 024 301, granted March 6, 1962 and that Plaintiff is the owner of said Patent No. 3 024 301. That this action is being brought under the patent laws of the United States

(35 U.S.C. 281) for which original jurisdiction is vested in the Federal District Courts under 28 U.S.C. 1338(a).

(4) That on or before October 5, 1955, the patentee Kurt R. Walch did conceive and invent certain improvements in a "Wiring Grille" and upon that date applied for a United States Letters Patent covering the same, said patent having been issued and granted as aforesaid, on March 6, 1962, under No. 3 024 301; that Plaintiff, Panduit Corporation, was assigned said patent prior to its date of grant and has been the owner of said patent since said grant.

(5) That, since the date of grant of said patent, Defendants, jointly and severally, have been making, selling, and have sold and advocated the use of articles and products responding to and coming within the scope of the disclosure and claims of the said patent and have thereby infringed the claims of said patent within this Southern Division of this Eastern District of Michigan and elsewhere in the United States, willfully and without the consent of Plaintiff.

(6) Plaintiff has applied the statutory notice as required by 35 U.S.C. 287 on all Wiring Grilles manufactured and sold by it under said patent.

(7) That Defendants, jointly and severally, have made unlawful gains and profits from such infringement and Plaintiff, due to Defendants' unlawful infringement, has been deprived of rights and profits which would

otherwise have come to Plaintiff but for such infringement and has thereby caused Plaintiff irreparable damages and threatens to continue to cause Plaintiff additional damages.

Wherefore, Plaintiff demands an injunction against further infringement by Defendants and those controlled by Defendants, an accounting for profits and damages, an award of damages, and an assessment of costs and attorney's fees against Defendants, and such other relief as the Court may deem just.

PRICE, HENEVELD, HUIZENGA
& COOPER

By: /s/ Peter P. Price
Preld Building
2336 Eastern Avenue, S.E.
Grand Rapids, Michigan 49507
(616) 452-6911
Attorneys for Plaintiff

Of Counsel:

Petherbridge, O'Neill & Lindgren
53 West Jackson Boulevard
Chicago, Illinois 60604
(312) 922-1018

APPENDIX 6

AFFIDAVIT OF PHILIP W. TAYLOR

(In the United States District Court
Eastern District of Michigan
Southern Division)

(Filed September 1, 1976)

State of Michigan
County of Oakland—ss.

I, Philip W. Taylor, being duly sworn depose and state as follows:

1. That I am a citizen of the United States residing at Burnet, R.R. #1, 112A Texas 78611.

2. That I am the President of Taylor Industries, Inc., defendant in the above captioned civil action.

3. That Taylor Industries, Inc. has already suffered and will continue to suffer irreparable damages unless the preliminary injunction in date of August 11, 1976 against said Taylor Industries, Inc., is stayed pending appeal of the order granting said preliminary injunction. Said Taylor Industries, Inc., will suffer irreparable injury for the following reasons:

a. Taylor Industries, Inc. is daily losing sales and the good will of its customers by being prevented from delivering orders already accepted and will subject itself to a multiplicity of law suits for breach of contract;

b. Panduit Corporation is engaged in a crash customer stealing campaign and at the same time attempting to delay the consideration of a stay by asking for an extension of time in which to brief the court. (see attached Panduit literature)

c. Such loss of sales and of customer good will will be impossible to recapture even in the event that the Court's decree and order granting Plaintiff a preliminary injunction is reversed on appeal;

d. There is a strong likelihood that upon a plenary trial on the merits with full proofs and admission of pertinent prior art the patent in suit will be declared invalid and that Taylor Industries, Inc., will not be permanently enjoined, in which event Taylor Industries, Inc., will nevertheless have suffered considerable irreparable injury as a result of the loss of its customer good will. Taylor Industries, Inc. is in the position of being presumed guilty without having been able to present a defense at trial;

e. Taylor Industries, Inc., will be forced to partially close its plants and thus to lay off the majority of its employees while appropriate new tooling is obtained for the purpose of producing new designs of wiring ducts, the manufacture and sale of which is not enjoined by said decree and order in date of August 11, 1976; and

f. Irreparable injury will be caused to Taylor Industries, Inc., as a result of being forced to warehouse its present inventory of wiring ducts whose sale has been preliminarily enjoined or, in the alternative, in scrapping and recycling such inventory until the preliminary injunction is lifted by the Court of Appeals for the Sixth Circuit, or the patent in suit is found invalid on a plenary trial on full proof or until the expiration of the term of the patent in suit, March 6, 1979, resulting in a considerable economic waste which is against public policy at the time when conservation of energy is of prime importance to this nation.

4. That the consuming public will suffer considerable injury as a result of Plaintiff, Panduit Corporation, having been able to eliminate from the industry all products directly competitive with its own wiring duct and to remain the sole producer in the United States of so-called "open Slot" wiring ducts after having been successful in eliminating from the marketplace Stahlin Brothers Fibre Works, Inc., Jody Manufacturing, Inc., ECP Corporation and now Taylor Industries, Inc., thus permitting Plaintiff, Panduit Corporation, to dictate and impose its own prices to the consuming public.

5. I cannot overemphasize the urgency in this matter as the lead times for delivery of this product are very short. Irreparable injury occurred almost immediately upon our being enjoined and will continue daily until we will no longer be a viable wiring duct manufacturer even though we have not had our "day in court".

6. The attached Panduit literature has caused many of our customers to conclude that we can only supply ducts with round side holes. Sales are being lost daily because of this erroneous impression.

Philip W. Taylor

Subscribed and sworn to before me this 28th day of August, 1976.

/s/ Ruth Heffington
Notary Public Burnet County, Texas
My commission expires June 1, 1977

APPENDIX 7

Summary of Pertinent Portions of the Transcript of the Hearing of August 4, 1976

It is clear from the transcript that the District Judge refused to consider any prior art, whether it had been considered in the prior litigation or not. This subject is discussed in particular at pages 62-68, 102, and 112-116 of the transcript of the August 4, 1976 Hearing.

When counsel for Taylor sought to introduce in evidence a specimen of the prior art Taylor duct that was considered in the *Stahlin Bros.* case for the purpose of showing the limited scope of the patent in suit, the District Judge sustained plaintiff's objection thereto, saying:

> "The issue is closed. I decided it in the principal case. That Exhibit was before me in the principal case. I made the final judgment in it. It is closed. It is res judicata." (Tr. 62-64)

Next, counsel for defendant sought to introduce testimony regarding the Davis patent, U.S. No. 667,195 (Tr. 65-68). The District Judge sustained plaintiff's objection saying (Tr. 68):

> "Well, I am not prepared and I don't intend to retry prior arts in this preliminary injunction hearing, and any claim or any prior art that was before me in the original Panduit trial I will not consider in this preliminary injunctive proceeding."*

---

* Actually it does not appear from the published decisions that the Davis patent was considered by the Court. However, it was considered by the Patent Office in connection with claims other than patent claim 5, in suit.

Later, the Court sustained an objection to an offer of a model of the Davis patent (Tr. 102) and further sustained objections to questions regarding it (Tr. 112-116).

At Tr. 102, Taylor's counsel had marked as exhibits a copy of Carlson patent, U.S. No. 2,507,886, and a model of the Carlson device. The Court sustained plaintiff's objection to this as prior art. (Note: there was no claim made that this prior art had been considered or that anything like it had been considered and counsel for defendant pointed this out to the Court, but to no avail. Tr. 102-103).

At pages 115-116, the following exchange occurred:

> "Mr. Patalidis: Oh, I have no desire, your Honor to retry the Stahlin case all over again. We have newly discovered prior art that goes to the heart of the presumption of validity of the Walch patent, which your Honor will not let us introduce. And if I understand your Honor's ruling, your Honor doesn't want any evidence to be introduced into this Court which relates to prior art. I think I may not have understood your Honor this morning when you said relates to the prior art, meaning the prior art that was before the Court in the Stahlin case, but —
>
> * * * *
>
> Mr. Patalidis: I think this is very relevant.
>
> The Court: I have already ruled on propositions of prior art. I am not going to retry that case at this time. I may consider it on the principal case."

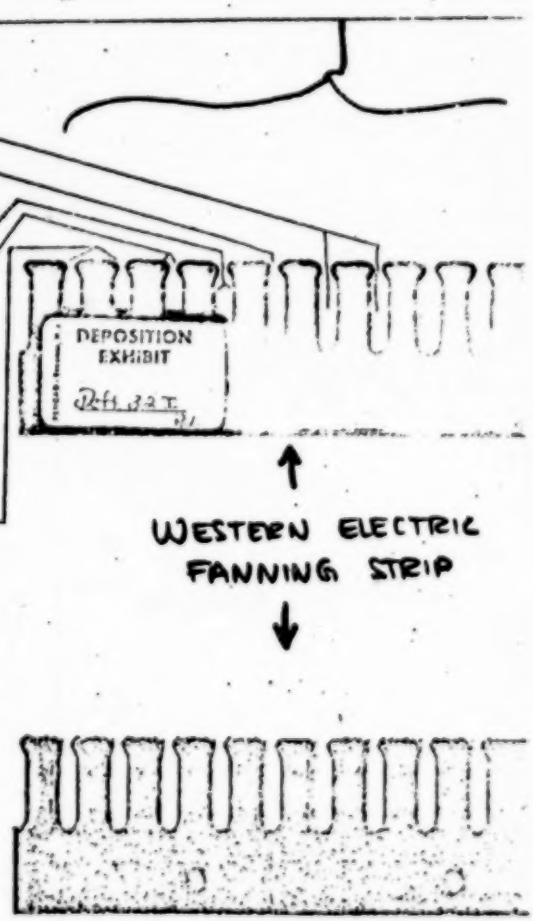
APPENDIX 8

Claim 5 of Walch Patent 3,024,301 Compared With Prior Art Western Electric Fanning Strip

Walch Claim 5

A wall for supporting and orienting wires comprising:

1. A side wall
2. having longitudinally spaced substantially parallel slits
3. open at one edge of said wall
4. and defining substantially parallel edges on longitudinally spaced fingers
5. the free ends of said fingers being enlarged
6. to narrow the outer ends of the slits and provide restricted passages for the wires between the finger ends and thereby prevent accidental removal of the wires from between the fingers
7. said fingers being flexible to permit their deflection and provide wider finger spacing at their free ends to facilitate positioning and removal of wires between said fingers



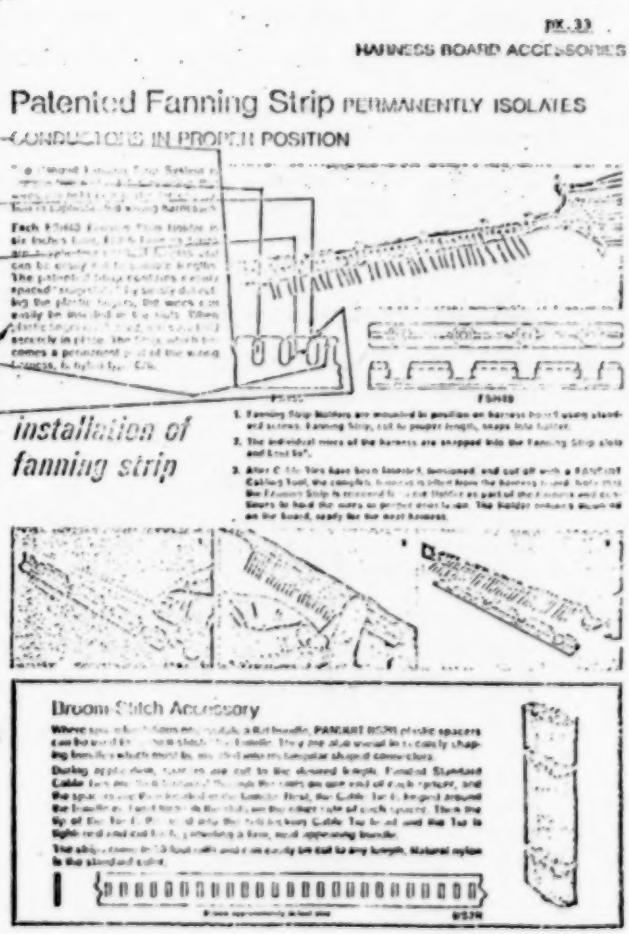
APPENDIX 9

Panduit Brochure Illustrating Its Fanning Strip
Covered By Walch Patent 3,024,301.

Walch Claim 5

A wall for supporting and orienting wires comprising:

1. A side wall
2. having longitudinally spaced substantially parallel slits
3. open at one edge of said wall
4. and defining substantially parallel edges on longitudinally spaced fingers
5. the free ends of said fingers being enlarged
6. to narrow the outer ends of the slits and provide restricted passages for the wires between the finger ends and thereby prevent accidental removal of the wires from between the fingers
7. said fingers being flexible to permit their deflection and provide wider finger spacing at their free ends to facilitate positioning and removal of wires between said fingers


Patented Fanning Strip PERMANENTLY ISOLATES
CONDUCTORS IN PROPER POSITION
installation of fanning strip
Broom Stitch Accessory

PANDUIT BROCHURE

Supreme Court, U. S.
FILED
AUG 15 1977
MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1977

No. 77-92

TAYLOR INDUSTRIES, INC.,

Petitioner,

vs.

PANDUIT CORP.

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

CHARLES F. PIGOTT, JR.
GEORGE H. GERSTMAN
Pigott & Gerstman, Ltd.
135 South LaSalle Street
Suite 606
Chicago, Illinois 60603
Telephone: (312) 263-4350

CHARLES R. WENTZEL
Panduit Corp.
17301 Ridgeland Ave.
Tinley Park, Illinois 60477
Attorneys for Respondent

Gunthorp-Warren Printing Company, Chicago • Financial 6-6565

TABLE OF CONTENTS

	PAGE
I. Jurisdiction	1
II. Background	1
III. Restatement of the Question Presented	2
IV. Additional Statutes Involved	2
V. Statement of the Case	3
VI. Argument	5
The Decisions Below Are in Accord with Conventional Policy in Patent Infringement Cases	5
The Necessary Equitable Considerations Were Taken Into Account by District Court	7
Review Is Unwarranted Because There Is No Conflict in Circuits and Because of the Uniqueness of the Facts in the Instant Case	9
VII. Conclusion	10

TABLE OF AUTHORITIES

Cases

Fireball Gas Tank & Illuminating Co. v. Commercial Acetylene Co., 198 F. 650 (8th Cir. 1912) 6

Gordon Johnson Co. v. Hunt, 109 F. Supp. 571 (N. D. Ohio 1952) 6

Panduit Corp. v. E. C. P. Corporation, No. C 69-354 (N. D. Ohio, filed May, 1969) 6

Panduit Corp. v. Stahlin Bros. Fibre Works, Inc., 298 F. Supp. 435 (W. D. Mich. 1969), aff'd, 430 F. 2d 221 (6th Cir. 1970), cert. denied, 401 U. S. 939 (1971) ... 2

Wayne Mfg. Co. v. Coffield Motor Washer Co., 209 F. 614 (8th Cir. 1913) 6

Constitution of the United States:
Article I, Section 8 7

Statutes:
Patent Act of 1952
35 U. S. C. § 154 7
35 U. S. C. § 282 6
FED. R. CIV. P. 65(c) 8

IN THE

Supreme Court of the United States

OCTOBER TERM, 1977.

No. 77-92

TAYLOR INDUSTRIES, INC.,

Petitioner,

vs.

PANDUIT CORP.

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

I. JURISDICTION

Taylor omitted from its Section II entitled "Jurisdiction" that Taylor's petition for rehearing (in banc) was denied by the Court of Appeals for the Sixth Circuit on May 10, 1977.

II. BACKGROUND

In this action for patent infringement between two private corporations, Petitioner (hereinafter Taylor) seeks review of an interlocutory order of a District Court, affirmed by the Sixth Circuit Court of Appeals, enjoining Taylor from infringement of a patent adjudicated valid as a result of extensive litigation

in which Taylor's president participated, *Panduit Corp.* v. *Stahlin Bros. Fibre Works, Inc.*, 298 F. Supp. 435 (W. D. Mich. 1969), aff'd, 430 F. 2d 221 (6th Cir. 1970), cert. denied, 401 U. S. 939, contempt action, 338 F. Supp. 1240 (W. D. Mich. 1972), aff'd, 476 F. 2d 1286 (6th Cir. 1973).

III. RESTATEMENT OF THE QUESTION PRESENTED

The sole issue presented by the record in this case is whether the District Court judge abused his discretion when he issued an interlocutory order enjoining Taylor from infringing an adjudicated valid patent on the condition that Respondent (hereinafter Panduit) post a bond in accordance with Fed. R. Civ. P. 65(c), the $25,000.00 amount of which was stipulated by Taylor as being adequate to satisfy Taylor's damages in the event the injunction were subsequently found to be improvidently granted.

IV. ADDITIONAL STATUTES INVOLVED

While Taylor's Petition sets forth some of the pertinent statutes involved, the Petition overlooks 35 U. S. C. § 154, 35 U. S. C. § 282, and Fed. R. Civ. P. 65(c).

Section 154 of the Patent Act of 1952, Title 35, United States Code, states in part:

> "Every patent shall contain a . . . grant to the patentee, his heirs or assigns, for the term of seventeen years, . . . of the right to exclude others from making, using or selling the invention throughout the United States. . . ."

Section 282 of the Patent Act of 1952, Title 35, United States Code states (first sentence):

> "A patent shall be presumed valid."

Fed. R. Civ. P. 65(c) states (first sentence):

> "No restraining order or preliminary injunction shall issue except upon the giving of security by the applicant,

in such sum as the court deems proper, for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined or restrained."

V. STATEMENT OF THE CASE

The Walch patent in suit issued on March 6, 1962 and will expire on March 6, 1979. Since the date of issuance of the Walch patent, there have continually been competitors of Panduit who have infringed Panduit's patent rights by imitating the patented subject matter (App. 76).* Panduit first brought a patent infringement suit against Stahlin Bros. Fibre Works, Inc., which resulted in an adjudication of validity and infringement, 298 F. Supp. 435 (W. D. Mich. 1969). The Court of Appeals for the Sixth Circuit affirmed the District Court's decision of validity and infringement of the Walch patent, 430 F. 2d 221 (6 Cir. 1970) and this Court denied certiorari on March 1, 1971, 401 U. S. 939.

Shortly after the District Court originally found the patent in suit valid, Panduit filed patent infringement actions against the remaining infringers, including Taylor. While the other infringers ceased infringing and entered into consent judgments acknowledging validity and infringement of the patent in suit, Taylor continued its infringement and became Panduit's only competitor for the patented product (App. 75-76).

The parties to the present action very actively engaged in discovery efforts since the patent infringement suit was filed. Although it was previously indicated that a trial would be forthcoming, the District Court's docket of cases became so heavy that a trial in the near future appeared unlikely. With the patent in suit about to expire in 1979, it became apparent that by the time the action reached a final adjudication, the patent

* App. ..... refers to the page number(s) of the Joint Appendix filed in the case below, Panduit Corp. v. Taylor Industries, Inc., Court of Appeals for the Sixth Circuit, Docket No. 76-2315.

would probably have expired. A preliminary injunction thus became essential to Panduit's realization of its exclusive right to the invention.

After Panduit moved for the preliminary injunction, extensive briefs, exhibits and affidavits were filed by both parties, with the District Court holding a hearing on the motion, at which hearing both sides presented factual and expert testimony (App. 57-221). At the hearing, the president of Panduit testified that Panduit was founded on the wiring duct of the patent in suit, and that since the patent in suit issued there has always been vigorous competition, but Taylor is now Panduit's sole competitor for the patented product. The testimony brought out that Panduit would never enjoy the constitutional benefits of its patent if a preliminary injunction were not granted (App. 74-76).

At the hearing, the Court was provided with extensive exhibits and testimony regarding the infringement issue, and Taylor's accused duct was compared with the Stahlin duct which was previously held to infringe and was also compared with Claim 5 of the patent in suit, with which claim the District Court was extremely familiar as a result of the previous litigation (App. 78-99). Expert testimony by a patent attorney was introduced to show that Taylor's duct was a literal infringement of Claim 5 of the patent in suit (App. 129-138).

During the hearing, Taylor's counsel stipulated to an injunction with respect to certain discontinued ducts made by Taylor (App. 81). Further, Taylor did not present any testimony relating to any possible harm to Taylor as a result of the preliminary injunction. After closing arguments were made, the District Court ruled that Panduit's motion for a preliminary injunction was in order and that a bond would be required (App. 202-217). Shortly thereafter, Panduit's counsel and Taylor's counsel stipulated that a $25,000.00 bond would be satisfactory (App. 217-18).

Although the District Court refused to stay its injunction, the Court of Appeals ordered the injunction stayed pending the appeal (App. 32). In its appeal, Taylor presented the same arguments to the Court of Appeals that Taylor is presenting in its Petition for Writ of Certiorari. On April 19, 1977, the Court of Appeals ordered its stay of the preliminary injunction vacated and affirmed the District Court's Order issuing the preliminary injunction. Taylor's present arguments were repeated in its Petition for Rehearing (in banc) which was denied by the Court of Appeals on May 10, 1977. Taylor then applied to this Court under 28 U. S. C. § 2101(f) for a stay of the preliminary injunction. Taylor's application was denied by Justice Stewart on May 27, 1977.

VI. ARGUMENT

Panduit respectfully submits that this case is not an appropriate one for the issuance of a Writ of Certiorari. The decision of the Court of Appeals for the Sixth Circuit follows the decisions of other Federal Courts in patent infringement actions in which the patent in suit has previously been held valid and infringed. There is no conflict with any policy enunciated by decisions of this Court nor did the courts below apply any criteria to the specific facts of this case that was different than the conventional criteria applied in deciding whether a preliminary injunction should issue.

The Decisions Below Are in Accord with Conventional Policy in Patent Infringement Cases

Taylor contends that notwithstanding the fact that the patent in suit was previously held valid and infringed, before granting a preliminary injunction the Trial Court must hear evidence and consider every prior art item that the accused infringer believes is pertinent. This contention is at odds with federal court practice and is totally impractical. The courts below followed the

only realistic approach available, and there is no need for review by this Court.

First, under the patent statute (35 U. S. C. § 282) "A patent shall be presumed valid." After the extensive *Panduit* v. *Stahlin* litigation, in which Taylor's president was a witness on behalf of Stahlin, the patent in suit was held valid by the District Court, the validity and infringement decision was affirmed by the Court of Appeals and certiorari was denied by this Court. Acquiescence with respect to validity was shown by the consent judgments entered into by Panduit's other competitors except for Taylor.

Since the patent in suit has previously been held valid after a full trial on the merits, Taylor's claim that "new prior art" has been found may entitle Taylor to a consideration of such prior art by the Trial Court *at final hearing*, but not on a motion for preliminary injunction.

The Patent Office is an inexhaustible storehouse of prior art patents. If every prior art item that the accused infringer thought was pertinent to the patent in suit had to be considered by the Trial Court in a preliminary injunction hearing, with detailed testimony required by experts for both sides, it would result in a full-scale trial, equivalent to the final hearing. The citation of additional prior art by accused infringers would be a perfect ploy to prevent a preliminary injunction from ever issuing in a patent case.*

Although Taylor states that its new prior art invalidates the patent in suit, this very same "new prior art" was previously before the District Court in the case of *Panduit Corp.* v. *E. C. P. Corporation*, No. C 69-354 (N. D. Ohio, filed May, 1969). In that case, the District Court considered this "new prior art" and denied E. C. P.'s motion for summary judgment

* *Fireball Gas Tank & Illuminating Co.* v. *Commercial Acetylene Co.*, 198 F. 650 (8th Cir. 1912); *Gordon Johnson Co.* v. *Hunt*, 109 F. Supp. 571, 573 (N. D. Ohio 1952); *Wayne Mfg. Co.* v. *Coffield Motor Washer Co.*, 209 F. 614 (8th Cir. 1913).

of invalidity. Thereafter, E. C. P. entered into a consent decree of validity and infringement and ceased manufacturing and selling the infringing wiring ducts.

Another reason why this Court should deny certiorari is that the first question presented by Taylor is uniquely narrow and not one of significant public importance. This is because it is rare indeed to find a patent infringement case in which the patent had previously been held valid and infringed, affirmed by the Court of Appeals, certiorari denied by this Court, the president of the accused infringer was a witness in the prior adjudicated case, other competitors had relied upon the same prior art now presented and acquiesced as to the patent's validity by consenting to judgments entered against them, and the patent in suit was about to expire. Review of the first question by this Court is totally unwarranted.

The Necessary Equitable Considerations Were Taken Into Account by District Court

As to the second question presented by Taylor, there is clearly no conflict between circuits nor is the question of such importance as to need this Court's review. Additionally, the second question relates only to the specific facts of the instant case and affects only the instant corporate litigants. The reasons for denial of the writ are overwhelming.

Without going into unnecessary detail, it was shown at the hearing that Panduit would be irreparably harmed if the injunction were not granted. Although authors and inventors have a constitutionally guaranteed "exclusive right to their respective writings and discoveries" (U. S. Const. Art. I, § 8) and 35 U. S. C. § 154 grants to the patent owner "the right to exclude others from making, using, or selling the invention throughout the United States", Panduit has owned the patent in suit since its issuance in 1962, but has never had the benefit of this exclusive right until Taylor was enjoined from infringing the patent in suit. Since the District Court's docket is extremely

heavy and it is unlikely that the present case will be fully tried in the near future, without the preliminary injunction Panduit would be unable to enjoy its exclusive right to market the product, since the patent will expire in less than two years. Without the preliminary injunction, Panduit will always have had a competitor marketing the patented invention, clearly contrary to the constitutional intent and to the intent of the Patent Act.

Although Taylor's president was called as a witness by Taylor's counsel at the hearing, at no time during the hearing did Taylor's president or any other witness attempt to give any testimony relating to any possible injury to Taylor from a preliminary injunction. After the District Court ruled that a preliminary injunction should issue, Taylor's counsel stipulated to a bond in the amount of $25,000.00 as sufficient security "for the payment of such costs and damages as may be incurred or suffered by any party who is found to be wrongfully enjoined or restrained" (Fed. R. Civ. P. 65(c)). The $25,000.00 security bond has been provided by Panduit (App. 34-36). Taylor's stipulation as to the amount of security required in the unlikely event that Taylor is found to be wrongfully enjoined, belies Taylor's argument of irreparable injury.

Not until after the hearing was over, after the District Court had granted a preliminary injunction, and after Taylor stipulated to a $25,000.00 bond, did Taylor claim that it would be injured in *ex parte* affidavits filed in connection with Taylor's motion for a stay of the injunction.

In actual fact, it was pointed out at the hearing that Taylor need not do any real redesigning and need only make "very simple, very inexpensive tooling changes" to produce non-infringing ducts from the enjoined ducts (App. 95-96) which changes were made by Taylor within weeks after the injunction. This testimony was not challenged by Taylor at the hearing. It was also brought out that Taylor's competitors now make and sell non-infringing ducts, which are structures freely open to Taylor for manufacture and sale (App. 77).

The necessary equitable considerations typically taken into account in the granting of a preliminary injunction were present in the instant case and were taken into consideration by the Court. Review of the lower courts' decisions by this Court is unwarranted because, in addition to the correctness of the decisions below, the facts upon which such decisions were based are unique to the instant case and are certainly not duplicated in other cases.

Review Is Unwarranted Because There Is No Conflict in Circuits and Because of the Uniqueness of the Facts in the Instant Case

There is no contention that there is a conflict of decisions with respect to the third question presented by Taylor. The preliminary injunction was granted upon facts unique to the instant case and it will affect few others than the corporate litigants here. Further, the granting of a preliminary injunction was eminently correct based on the particular facts presented to the Court.

The validity of the patent in suit was not finally determined until March, 1971, when this Court denied certiorari after the Court of Appeals affirmed the District Court's holding of validity. Substantial discovery had to be taken and was taken. Panduit was involved in many other litigations, including a contempt action against Stahlin after Stahlin had been enjoined from infringing the patent in suit. The scope of the patent was further interpreted in the contempt action which resulted in a 1973 Court of Appeals decision. Further, although Panduit had expected a much earlier trial date, it became apparent that an early trial was unlikely. Thereupon, Panduit filed the motion for preliminary injunction.

During the hearing on Panduit's motion for preliminary injunction, counsel for Taylor moved for dismissal of the motion contending that Panduit had unreasonably delayed in moving

for a preliminary injunction. After argument by both sides, the Trial Court denied Taylor's Motion, finding that Panduit energetically pursued its patent rights and stating (App. 69-70):

> ". . . The Plaintiff has energetically pursued its patent rights, giving constant notice of its intent to seek preliminary injunction, and the Defendant can show no reliance otherwise. . . . The Plaintiff can make—or, made such an assertion and gave such notices and pursued this case vigorously, an insistent and persistent urging of the Court to get at this case and try it.
>
> Motion for dismissal by reason of laches is denied."

Clearly the time period during which Taylor was allowed to continue infringing the patent in suit only served to benefit Taylor, not Panduit. The particular circumstances which determine when a motion for a preliminary injunction should be made vary from case to case and the decision in this case is unique to this case and this case alone. Thus review of the case with respect to the third question by this Court is totally unwarranted, in view of the little effect, if any, this question will have with respect to other litigants.

VII. CONCLUSION

Taylor was given full and fair consideration by the courts below with respect to all of the legal and equitable principles involved in the granting of a preliminary injunction. The patent in suit had been finally adjudicated valid, with Taylor's president having testified on behalf of the defendant in that case. The Trial Court heard testimony with respect to the infringement issue and found that Taylor's accused devices infringe the patent in suit. Panduit presented evidence of irreparable injury if the injunction were not granted, but no such evidence was presented by Taylor on its behalf. Panduit has provided a $25,000.00 bond which Taylor's counsel stipulated was adequate in the event of damage caused by an improperly granted injunction.

It is submitted that a writ of certiorari is unwarranted in this case and Taylor's petition should be denied.

Respectfully submitted,

CHARLES F. PIGOTT, JR.
GEORGE H. GERSTMAN
Pigott & Gerstman, Ltd.
135 South LaSalle Street
Suite 606
Chicago, Illinois 60603
Telephone: (312) 263-4350

CHARLES R. WENTZEL
Panduit Corp.
17301 Ridgeland Ave.
Tinley Park, Illinois 60477
Attorneys for Respondent